



INSIGHTS

107th Congress

March 19, 2002

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INSIGHTS is prepared expressly for the Department of Energy's Office of Federal Energy Management Programs (FEMP). The purpose of ***INSIGHTS*** is to provide FEMP management staff with timely information on legislative activities relevant to the program. ***INSIGHTS*** is prepared for FEMP by Energetics, Incorporated, (202) 479-2748.

I. WEEKLY SUMMARY

HOUSE

Hearings of interest this week include:

- FY 2003 budget request for the Department of Housing and Urban Development (appropriations)
- FY 2003 budget request for the Department of Defense (authorization)

SENATE

The Senate also begins work on FY 2003 appropriations with the following:

- Mark up of Concurrent budget resolution (authorization/oversight)
- Military construction for the Navy and Air Force (appropriations)
- Environmental Protection Agency (appropriations)

CONFERENCE COMMITTEES/VOTES

Farm Bill On March 13, conferees began negotiating the differences between the House and Senate versions: *H.R.2646 – Farm Security Act of 2001* and *S. 1731 – Agriculture, Conservation, and Rural Enhancement Act of 2001*. Last week, Senator Tom Harkin, Chairman of the Committee on Agriculture, Forestry, and Nutrition released the following statement regarding the negotiations:

There are many differences between the House and Senate bills in conference. And I feel strongly that this farm bill needs to spread support across rural America in the form on strengthened conservation initiatives, rural development grants and programs to promote the **development of renewable energy... the Senate bill includes for the first time a special title devoted to promoting the production and use of farm-based renewable energy. This is an area with tremendous potential for farmers and rural communities. The bill includes a number of new initiatives - and funding for them - to help farmers, rural coops and other businesses produce, use and market renewable energy, including ethanol, biodiesel, biomass and even wind, solar and hydrogen energy.**

Negotiations are scheduled to continue this week.

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II. COMMITTEE ACTIVITY

HOUSE

Development of Innovative Technology The Subcommittee on Military Research and Development (Committee on Armed Services) held a hearing on March 12 in which members examined the difficulty small companies have in penetrating the military market. One such company, Ambient Control Systems, provided testimony on the company's development of an innovative, battery-free, long-term alternative power source designed to support remote sensors under an array of difficult environmental and operational conditions.

FY 2003 Budget Resolution (Committee on the Budget) On March 13, the Committee on the Budget marked up the FY 2003 budget resolution. The non-binding agreement is similar to the President's request except the House resolution does not include the Administration's provision regarding the use of royalties from the Arctic National Wildlife Refuge to support renewable energy activities. Committee Chair, Jim Nussle (R/IO) introduced the resolution as "The Wartime Budget To Secure America's Future." Focusing on the terrorist attacks of September 11, 2001, he said the budget plan must provide:

- Security for our nation
- Security for a growing economy
- Security for ourselves and our families' future

In terms of security for a growing economy, Chairman Nussle emphasized the importance of adopting a national energy strategy – "The resolution assumes the President's discretionary proposals, which fulfill the National Energy Policy recommendations to focus Federal investment on future energy solutions."

The House budget resolution addresses general areas without providing specific activities within a given area (e.g., energy, Federal facilities). Key provisions of interest highlighted in the proposal include the following:

- Tax credit for production of non-conventional fuels
- Tax credit for investments in solar and geothermal energy facilities
- Tax credit for electricity production from wind, closed-loop biomass, and poultry waste
- Tax credit for alcohol fuels
- Exclusion of interest on state and local government industrial development bonds for energy production facilities
- National Park Service – provides an additional \$663 million to reduce the \$4.6 billion backlog in operations and maintenance

Meanwhile, the Democrats under the leadership of Majority Leader Dick Gephardt (D/MO) may introduce the minority's own version of a budget resolution; however, no timetable has been provided.

Democrats have expressed concern that the budget resolution does not include sufficient emphasis on environmentally related issues; last week, Democrats introduced amendments addressing their concerns but these amendments were defeated in committee. Some House Democrats have suggested that Congress may not complete work on FY 2003 appropriations this year because of the differences in the Republican and Democratic funding priorities. In addition, the 32-member "Blue Dog" Democratic coalition is in the process of developing their group's strategy for the FY 2003 spending plan.

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SENATE

Energy Legislation The Senate will put aside work on energy legislation (*S. 517*) to finish the debate and vote on campaign finance reform; unless finance reform is completed this week, the Senate will not take up energy legislation until after the Senate's week-long recess beginning on March 22. Once the Senate resumes consideration of energy legislation, key issues will include the renewable portfolio standard, energy efficiency, electric utility issues, and climate change. Last week, the Senate approved language that directs the National Highway Traffic Safety Administration to study the issue of increasing Corporate Average Fuel Economy (CAFE) Standards over a 15-month period for automobiles and light-duty vehicles. Senators John Kerry (D/MA) and John McCain (R/AZ) submitted a more comprehensive proposal that would have increased the mileage requirement for cars and light trucks from the current 27.5 miles per gallon and 20.7 miles per gallon respectively to a combined fleet average of 36 mpg by 2015; however, this amendment was defeated. In addition, Senator James Jeffords (I/VT) introduced an amendment to increase the renewable portfolio standard (RPS) to 20 percent by 2070; the amendment was defeated and at least two more RPS amendments are expected to be introduced when the Senate resumes debate on the bill.

FY 2003 Budget Request (Bureau of Reclamation) On March 8, 2002, the Subcommittee on Appropriations for Energy and Water Development received testimony on the budget request of \$869.8 million for the Department of Interior's Bureau of Reclamation. The request includes the following:

- Facility Operations - \$182.7 million
- Facility Maintenance and Rehabilitation - \$162.3 million

Bennett W. Raley, Assistant Secretary of the Interior for Water and Science testified that the FY 2003 budget request will improve management of public lands and waters and advance the President's National energy policy. He said that energy projects on Federally managed lands and offshore areas supply about one-third of the Nation's energy production, and that the budget increase of \$28.6 million for energy-related activities will allow increased responsiveness to increasing demands for energy while increasing environmental oversight. The FY 2003 budget request also includes establishment of a lease sale in the Arctic Refuge that in FY 2004, will generate \$2.4 billion in anticipated bonus bids. Of this amount, the Federal Government's \$1.2 billion share will support research and development for solar, wind, biomass power and fuels, geothermal energy, and other alternative energy technologies.

Greenhouse Gas Emissions On March 13, 2002, the Committee on Environment and Public Works received testimony from environmental research organizations on the economic and environmental risks associated with increasing greenhouse gas emissions. Senator Jon Corzine (D/NJ) urged fellow committee members to support *S. 1870*, a bill that would provide an incentive for companies to take actions to reduce emissions by requiring the largest emitters to report greenhouse gas emissions. The bill would also enable companies to register their emissions reductions. Adam Markham, Executive Director of Clean Air-Cool Planet, suggested that the Federal Government assess initiatives developed in New

England to shape a national greenhouse gas emissions policy; in his testimony, he also mentioned a number of state-based initiatives that will contribute to reducing greenhouse gas emissions:

- ***Tax incentives promoting environmentally friendly and energy efficient building practices*** In 2000, New York was the first state to enact such a law.
- ***Multi -pollutant regulation legislation*** In 2001, Massachusetts Governor Jane Swift (R) signed legislation making the state the first to control CO2 emissions from existing power stations.
- ***New Hampshire voluntary registry for greenhouse gas emissions.***
- ***Connecticut Clean Energy Fund*** Supports the development of commercial fuel cell technologies.
- ***Efficiency Vermont*** Achieves energy efficiency improvements - the first public utility solely dedicated to this effort.

Mr. Markham anticipates that by the year 2020, the U. S. should produce 20 percent of the nation's electricity from renewable resources such as wind, solar, biomass and geothermal.

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III. NEW LEGISLATION

HOUSE

Number	Short title	Date	Sponsor	Status
H. R. 3952	<i>No Short Title</i>	March 13	Peter DeFazio (D/OR)	Referred to the Committees on Energy and Commerce and the Judiciary
Key Provisions:	<p>Establishes an Office of Consumer Advocacy within the Department of Justice to represent consumers of electricity and natural gas in proceedings before the Federal Energy Regulatory Commission, and for other purposes. Authorized \$25 million in appropriated funds for each fiscal year, the Office may:</p> <ul style="list-style-type: none"> • Represent consumers of electricity or natural gas provided by public utilities, or natural gas companies; • Investigate the services, rates, and the valuation of the properties of public utilities, and natural gas companies; • Develop means, such as public dissemination of information, consultative services, and technical assistance, to ensure that the interests of consumers of electricity or natural gas provided by public utilities, or natural gas companies are adequately represented in the course of any hearing; • Petition the Federal Trade Commission or Regional Transmission Organizations to take actions to protect the interests of consumers of electricity or natural gas provided by public utilities, or natural gas companies; • Propose legislation on matters relating to the commission, evaluate the impact of legislation on such matters on consumers of electricity or natural gas, and testify before Congress. 			
H.R. 3832	<i>Services Acquisition Reform Act of 2002</i>	March 4	Tom Davis (R/VA)	Referred to the Committees on Government Reform and Armed Services
Key Provisions:	<p>Improves Federal Government procurement services:</p> <ul style="list-style-type: none"> • Authorizes the head of an agency to arrange for the detail of an eligible employee of the agency to a private sector organization or an eligible individual employed by a private sector organization to the agency; • Authorizes an employee of an agency to be assigned to a private sector organization under this chapter as a detail to a regular work assignment; • Authorizes an individual employed by a private sector organization who is assigned to an agency to be transferred to the agency and appointed for the period of assignment; or detailed to an agency; • Amends Federal Acquisition Regulation to provide for the reimbursement of costs associated with an employee's participation in the program; • Permits the use of telecommuting by employees of Federal contractors in the performance of contracts with executive agencies; • Authorizes the Under Secretary of Defense for Acquisition, Technology, and Logistics to review the feasibility of establishing the Defense Contract Management Agency as the primary organization responsible for performing contract management services on Department of Defense base operating service contracts in excess of \$5,000,000; • Provides for an increase in authorization levels of Federal purchase cards from \$2,500 to \$25,000; • Reauthorizes franchise funds through October 1, 2005; • Permits agencies to enter into a share-in-savings contract for a period of not more than ten 			

Number	Short title	Date	Sponsor	Status
				<p>years. (Share-in-savings contract' means a contract under which a contractor provides solutions for improving the agency's mission-related or administrative processes; or accelerating the achievement of agency missions);</p> <ul style="list-style-type: none"> • Requires the Director of the Office of Management and Budget (OMB) to identify potential opportunities for the use of share-in-savings contracts and encourage the use of share-in-savings contracts for projects for which significant savings are expected. In consultation with Congress and executive agencies, OMB will develop techniques to provide incentives for the use of share-in-savings contracts and to permit an executive agency to retain a portion of the savings (after payment of the contractor's share of the savings) derived from such contracts as funds are appropriated to the agency in future years; • Provides incentives for the use of performance-based service contracts such that a performance-based service contract or performance-based task order of an agency may be treated as a contract for the acquisition of commercial items if the contract or task order is valued at \$5,000,000 or less; • Authorizes agencies to enter into contracts for periods of not more than ten years if such contracts are performance-based. • Establishes a <i>Center of Excellence in Service Contracting</i>, which will assist the acquisition community by identifying, and serving as a clearinghouse for, best practices in contracting for services in the public and private sectors; • Authorizes the acquisition of information technology by state and local governments through Federal supply schedules.

SENATE

No new bills of interest were introduced or made available for review.

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IV. ADMINISTRATION INITIATIVES

Renewable Energy ESPCs On March 15, DOE' Office of Federal Energy Management Programs announced the selection of five energy service companies to implement performance-based contracts in Federal facilities worldwide. Projects will involve biomass and alternative methane energy sources and include the following ESCOs:

- Constellation Energy Source - Baltimore Maryland
- Trigen Development Corporation - Baltimore Maryland
- Systems Engineering and Management Corporation - Knoxville, Tennessee
- Energy Systems Group - Evansville, Indiana
- DTE Biomass Energy Inc. - Ann Arbor, Michigan

Conventional energy and water saving measures will also be incorporated in the projects along with biomass and alternative methane; the values of the contracts, which will be financed by the private sector

is expected to be up to \$200 million. Projected energy savings should exceed the investment. For additional information, visit the FEMP web site at <http://www.eren.doe.gov/femp/financing/espc/biomass.html>

DOE's Deputy Secretary Resigns On March 18, Secretary Spencer Abraham announced that Deputy Secretary Francis Blake has resigned and that President Bush is expected to nominate the Kyle McSlarrow to fill the position. Mr. McSlarrow is the current Chief of Staff to the Secretary of Energy.

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V. HEARINGS SCHEDULE

HOUSE – COMMITTEE ON APPROPRIATIONS

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
<i>March 19 -</i> Subcommittee on Veterans' Affairs, Housing and Urban Development and Independent Agencies	James Walsh (R/NY)	<i>Hearing</i> – FY 2003 budget estimates for the Department of Housing and Urban Development	TBA	9:30 a.m. and 1:30 p.m. Room H-143 The Capitol
<i>April 10</i> – Interior and Related Agencies	David Hobson (R/OH)	<i>Hearing</i> - FY 2003 budget estimates for the National Park Service	TBA	10:00 a.m. Room B-300 Rayburn Office Building
<i>April 17-</i> Subcommittee on Veterans' Affairs, Housing and Urban Development and Independent Agencies	James Walsh (R/NY)	<i>Hearing</i> – FY 2003 budget estimates for the National Aeronautics and Space Administration	TBA	9:30 a.m. and 1:30 p.m. Room 2359 Rayburn Office building
<i>April 17</i> – Military Construction Agencies	David Hobson (R/OH)	<i>Oversight Hearing - Energy Research – Measuring Success</i>	TBA	10:00 a.m. Room B-300 Rayburn Office Building

HOUSE – AUTHORIZATIONS/OVERSIGHT

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
<i>March 20</i> – Committee on Armed Services <i>(NEW)</i>	Bob Stump (R/AZ)	<i>Hearing</i> – FY 2003 National Defense Authorization budget request	Gen. Joseph W. Ralston, USAF, Commander-in-Chief, U.S. European	10:00 a.m. Room 2118 Rayburn Office Building

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
			Command	
			Adm. Dennis C. Blair, USN, Commander-in-Chief, U.S. Pacific Command	
March 20 – Subcommittee on Military Installations and Facilities (Committee on Armed Services) (NEW)	Jim Saxton (R/NJ)	Hearing - FY 2003 National Defense Authorization budget request	<p><u>Panel 1:</u></p> <p>H.T. Johnson, Assistant Secretary of the Navy (Installations and Environment)</p> <p>Rear Adm. David Pruett, Chief of Naval Operations, Civil Engineering Readiness Division</p> <p>Brig. Gen. (Sel.) Ronald S. Coleman, Assistant Deputy Commandant, Installations and Logistics (Facilities), Headquarters, U.S. Marine Corps</p> <p>Rear Adm. Noel G. Preston, Deputy Director, Naval Reserve</p> <p><u>Panel 2:</u></p> <p>Nelson F. Gibbs, Assistant Secretary of the Air Force (Installations, Environment and Logistics)</p> <p>Maj. Gen. Earnest O. Robbins II, Civil Engineer, Air Force</p> <p>Brig. Gen. David A. Brubaker, Deputy</p>	2:00 p.m. Room 2212 Rayburn Office Building

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
			Director, Air National Guard	
			Brig. Gen. Robert E. Duignan, Deputy to the Chief, Air Force Reserve	
March 21 – Subcommittees on Military Procurement and Military Research and Development (Committee on Armed Services) (NEW)		Hearing - FY 2003 National Defense Authorization budget request	Peter B. Teets, Under Secretary of the Air Force	8:30 a.m. Room 2118 Rayburn Office Building

CONFERENCE COMMITTEE NEGOTIATIONS/FLOOR VOTES

Date	Legislation
March 20	Floor Consideration – FY 2003 Budget Resolution

SENATE – COMMITTEE ON APPROPRIATIONS

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
March 19 – Subcommittee on Military Construction (NEW)	Diane Feinstein (D/CA)	Hearing – FY 2003 budget estimates for Navy and Air Force military construction projects	TBA	2:30 p.m. Room 138 Dirksen Office Building
March 20 – Subcommittee on Veterans' Administration, Housing and Urban Development and Independent Agencies (NEW)	Barbara Mikulski (D/MD)	Hearing – FY 2003 budget estimates for the Environmental Protection Agency	TBA	9:30 a.m. Room 138 Dirksen Office Building

SENATE – AUTHORIZATIONS/OVERSIGHT

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
<i>March 20</i> – Committee on the Budget (<i>NEW</i>)	Kent Conrad (D/ND)	<i>Mark Up</i> : Proposed concurrent resolution for FY 2003 budget	N/A	10:00 a.m. Room 608 Dirksen Office Building

CONFERENCE COMMITTEE NEGOTIATIONS/FLOOR VOTES

Date	Legislation
<i>March 19</i>	<i>Conference Committee Negotiations</i> – Continuation of negotiations on <i>H.R.2646 – Farm Security Act of 2001</i> and <i>S. 1731 – Agriculture, Conservation, and Rural Enhancement Act of 2001.</i>

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